

## Message Text

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PAGE 01 EC BRU 04616 062251Z  
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 INT-05 AID-05 CEA-01 CIAE-00  
COME-00 EB-07 FRB-03 INR-07 NSAE-00 EPG-02 SP-02  
STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 DLOS-09 OES-07  
AGR-05 USIA-06 XMB-02 OPIC-03 NSC-05 SS-15 L-03  
H-01 DODE-00 PA-01 PRS-01 /126 W  
-----071054Z 059475 /10

R 061628Z MAY 77  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC 3735  
INFO ALL EC CAPITALS  
USMISSION OECD PARIS  
USDEL MTN GENEVA

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E.O. 11652: N/A  
TAGS: ETRD, EIND, EEC  
SUBJECT: DAVIGNON STEEL PLAN TO BE IMPLEMENTED

REF (A) EC BRUSSELS 3513, (B) EC BRUSSELS 4520

1. EC COMMISSIONER DAVIGNON ANNOUNCED MAY 4 THAT THE  
COMMISSION'S STEEL PLAN INCLUDING MANDATORY MINIMUM PRICES  
FOR REINFORCING BARS WILL GO INTO EFFECT MONDAY, MAY 9  
(REF B). IN IMPLEMENTING THE MINIMUM PRICE ASPECTS OF DAVIGNON'S PLAN

,  
WHICH IT HAD ANNOUNCED LAST MONTH (REF A.), THE COMMISSION  
ACTED ON ITS OWN AUTHORITY UNDER ARTICLE 61 OF THE ECSC  
TREATY, OVERLOOKING THE NEGATIVE REACTIONS FROM ITALY AND FRG  
IN THE MAY 3 CONSULTATIONS WITH THE COUNCIL. ACCORDING TO  
COMMISSION AND PERMREP SOURCES, THE ITALIANS WERE UNHAPPY  
BECAUSE THE NEW PRICES MAY ERODE MUCH OF THE COST ADVANTAGE  
WHICH THEY NOW HAVE. THE GERMANS REMAIN OPPOSED IN PRINCIPLE  
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TO INTERVENTIONIST POLICIES, BUT THIS OPPOSITION WAS  
MUTED BY THE POSSIBILITY THAT WITHOUT A CHANGE IN THE  
STEEL SITUATION, NATIONALIZATIONS MIGHT OCCUR WHICH  
WOULD REDUCE COMPETITION EVEN MORE.

2. THE BRITISH EXPRESSED SOME MISGIVINGS THAT THE  
REFERENCE PRICES FOR PRODUCTS OTHER THAN REINFORCING

BARS WERE TOO LOW AND THAT THESE MINIMUM PRICES MIGHT  
BECOME MAXIMUM PRICES IN A FALLING MARKET, ESPECIALLY  
WHEN SUCH PRICES ARE PUBLISHED.

3. THE MINIMUM PRICES FOR BARS WILL NOW BE SET AT  
198 U.A. PER TON FOR SMOOTH REINFORCING RODS AND 205  
U.A. PER TON FOR RIDGED REINFORCING RODS. UNLESS THE  
COMMISSION SUBSEQUENTLY RULES DIFFERENTLY, THESE PRICES  
WILL BE IN FORCE UNTIL DECEMBER 31, 1977. THIS  
DECISION WILL APPLY TO ALL EC DELIVERIES TO EC AND  
EFTA COUNTRY MARKETS.

4. OTHER ELEMENTS OF THE PLAN: REFERENCE PRICES FOR

RPDOCTS OTHER THAN REINFORCING BARS; AUTOMATIC IMPORT  
LICENSING; ANTI-DUMPING SAFEGUARD GUIDELINES; FINANCIAL  
ASSISTANCE; AND REVISION OF EC STEEL DEMAND AND SUPPLY  
PROJECTIONS FOR 1980-1985; WILL ALSO GO INTO EFFECT  
MAY9 (REF. A).

5. PRESENTING THE MINIMUM PRICES TO THE PRESS,  
DAVIGNON IMPLIED THAT THEY SHOULD BE SEEN, TOGETHER  
WITH REFERENCE PRICES FOR OTHER STEEL PRODUCTS, AS  
SHORT-TERM TEMPORARY MEASURES WHICH BUY TIME FOR A  
DIFFICULT MUTATION IN THE INDUSTRY. THE MINIMUM  
PRICES FOR REINFORCING BARS HAD TO BE RESORTED TO  
BECAUSE VOLUNTARY RESTRAINTS HAVE NOT WORKED. THE  
PRICES WILL BE ADJUSTED OR ABOLISHED AS NEEDED. HINTON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, STEELS, PRICES  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977ECBRU04616  
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**Drafter:** n/a  
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**Expiration:**  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Review Content Flags:**  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** DAVIGNON STEEL PLAN TO BE IMPLEMENTED  
**TAGS:** ETRD, EIND, EEC, (DAVIGNON, CHARLES P)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/f1c38a99-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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